

## Message Text

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ORIGIN COME-00

INFO OCT-01 NEA-10 ISO-00 EB-07 /018 R

DRAFTED BY COM/BIC/CAGNE/LJENSEN

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COM/BIC/CAGNE/PBHALE

STATE/NEA/AFN/DJAMISON (PHONE)

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FM SECSTATE WASHDC

TO AMEMBASSY ALGIERS

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E.O. 11652; N/A

TAGS: BPRO, AG

SUBJECT: ALGERIAN REFUSAL TO ACCEPT LETTER OF CREDIT TERMS

REF: FLACK/JENSEN TELCON 3/26; TELCON 4/6.

1. TWO U.S. FIRMS HAVE REPORTED TO COMMERCE EXAMPLES OF  
GOA AGENCIES REFUSING CONTRACT TERMS CALLING FOR PAYMENT  
BY LETTER OF CREDIT.

--(A) WYOTT CORPORATION, CHEYENNE, WYOMING (HAROLD MILLER),  
--HAS PROPOSED FOOD SERVICES CONTRACT TO GOA MILITARY BUT  
--LATTER REQUESTED PAYMENT IN LOCAL BANK IN DINARS.

--(B) WEATHER MEASUREMENT CORPORATION, SACRAMENTO,  
--CALIFORNIA (PIERRE ZILLAIN) HAS CALLED COMMERCE AND POST  
--SEVERAL TIMES CONCERNING BID TO SUPPLY METEOROLOGICAL  
--EQUIPMENT TO OFFICE NATIONAL DE METEOROLOGIE (ONM). ONM  
--REQUESTED THAT COMPANY ACCEPT PAYMENT IN DINARS IN LOCAL  
--BANK (BEA) WITH "PROMISE" BUT NO GUARANTEE OF TRANSFER  
--RIGHTS INTO FOREIGN EXCHANGE. COMPANY HAS OFFERED TWO  
--ALTERNATIVE FINANCING PROPOSALS TO ONM: EITHER TWO-YEAR  
--FINANCING PLAN THROUGH U.S. BANK PAYABLE IN DOLLARS; OR  
--DINAR PAYMENT DEPOSITED IN BEA WITH GUARANTEE FROM LATTER

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--OR FROM CENTRAL BANK OF TRANSFER IN DOLLARS AFTER 90 DAYS.

--ONM HAS NOT YET RESPONDED TO THESE PROPOSALS.

2. COMMERCE PASSED INFORMATION BASED ON SECOND REFTELCON TO WEATHER MEASUREMENT CORP. COMPANY APPRECIATES EMBASSY EFFORT TO CLARIFY SITUATION; HOWEVER IT IS NOT SATISFIED THAT FINANCE MINISTRY AVIS NO. 77 PROVIDES SATISFACTORY ANSWERS TO TWO PRINCIPAL CONCERNS: A) WHERE IS IT WRITTEN THAT ESTABLISHMENT OF AN INR-ACCOUNT GUARANTEES EVENTUAL TRANSFER INTO FOREIGN EXCHANGE? B) HOW LONG DOES IT TAKE TO EFFECT THE ACTUAL TRANSFER OF FUNDS OUT OF ALGERIA?

3. COMMERCE UNDERSTANDS FROM SECOND REFTELCON THAT INTERNAL NON-RESIDENT (INR) ACCOUNT AND FOREIGN ACCOUNT IN CONVERTIBLE DINARS ARE APPROXIMATELY THE SAME. THEY ARE, HOWEVER, DISTINGUISHED FROM ONE ANOTHER IN IMF REPORTS ON ALGERIAN NON-RESIDENT ACCOUNT SYSTEM ALTHOUGH IMF REPORTS DO NOT AND IMF SPOKESMEN CANNOT EXPLAIN HOW EITHER ACCOUNT OPERATES. BELIEVE IT WOULD BE USEFUL FOR OTHER US FIRMS TO OBTAIN CLARIFICATION OF EXACTLY HOW THESE ACCOUNTS OPERATES, PARTICULARLY AS NUMBER OF US FIRMS AFFECTED BY LETTER OF CREDIT REFUSALS MULTIPLIES. WE REQUEST EMBASSY

OBTAIN AS MUCH INFORMATION, INCLUDING RELEVANT LEGAL TEXTS, AS POSSIBLE, AND FORWARD TO COMMERCE/CAGNE.

4. TO EXTENT IT IS RELEVANT TO ABOVE REQUESTS, PLEASE PROVIDE BACKGROUND TO POTATOE DISPUTE MENTIONED ALGIERS 841 AND NAMES OF OTHER US FIRMS KNOWN TO EMBASSY WHICH HAVE ENCOUNTERED DIFFICULTIES IN OBTAINING LETTER OF CREDIT TERMS FROM GOA. KISSINGER

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
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**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** izenbei0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976STATE086446  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** BIC/CAGNE/LJENSEN  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
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**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
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**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 07 JUN 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <07 JUN 2004 by buchant0>; APPROVED <30 SEP 2004 by izenbei0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Status:** NATIVE  
**Subject:** ALGERIAN REFUSAL TO ACCEPT LETTER OF CREDIT TERMS  
**TAGS:** BPRO, AG  
**To:** ALGIERS  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006